

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana**

**Basic Financial Statements
and Independent Auditor's Report**

As of and For the Year Ended December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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and Independent Auditor's Report**

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C O N T E N T S

	Statement	Page
Required Supplemental Information		
Management's Discussion and Analysis		2
Independent Auditor's Report		5
Basic Financial Statements:		
Statement of Net Assets and Governmental Funds' Balance Sheet	A	6
Statement of Activities and Governmental Funds' Revenues Expenditures and Changes in Fund Balances	B	7
Notes to the Financial Statements		8
Required Supplemental Information:		
Budget Comparison Schedule Notes to Budget Comparison Schedule	1	20
Other Supplemental Schedules:		
Schedule of Compensation Paid Board Members	2	25
Other Reports:		
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		27
Summary of Results		29
Status of Prior Audit Findings		30



St. Tammany Fire Protection District No. 1

554 Old Spanish Trail

Slidell, LA 70458

Phone: (985) 649-3665

Fax: (985) 646-4865

Management Discussion and Analysis
For the year ended December 31, 2004

Our discussion and analysis of St. Tammany Fire Dist. #1's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2004.

Financial Highlights

- Total net assets increased \$ 2,077,870 from 2003
- General Revenues accounted for \$ 10,219,200 of total revenues of \$ 10,498,648. Program specific revenues in the form of charges for services and grants accounted for \$ 279,448 of revenues.
- In 2003, St. Tammany Fire Dist. #1 ad valorem tax revenues were \$ 7,622,384. Our ad valorem tax revenues were \$ 9,455,695 in 2004. The difference between the two is accounted for in the fact that the Parish Tax Assessor, whom determines all ad valorem monies we receive, evaluated new properties and calculated our portion thereon.

Using this Annual Report

This report consists of a series of financial statements in accordance with GASB Statement No.34, as a special purpose government, the district's government wide and fund financial statements are combined into two statements instead of four. The Statement of Net Assets and Statement of Activities columns provide information about the activities of the district as a whole and present longer-term view of the district's finances. The Balance and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances columns tell how these services were financed in the short-term as well as what remains for future spending.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities report information about the district as a whole and about its activities in a way that helps answer the question, "Is the district as a whole better off or worse off as a result of the year's activities?" These statements include all assets and liabilities applying the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Revenues and expenditures are recognized when earned or incurred regardless of when cash is received or disbursed. These two columns report the district's net assets and changes in them. Net assets are equal to assets (what the district owns) and liabilities (what the district owes). This is one way to measure the district's financial health or financial position. Other factors such as changes in the district's jurisdiction and continuing local, state and federal support must also be considered when assessing the overall health of the district.

St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

Management's Discussion and Analysis, 2004

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

"Capital" expenditures are those that are deemed to be material or have a future economic life of more than one year.

Comparison to Prior Year

The district's most significant revenues are ad valorem taxes, fire insurance tax rebates and state revenue sharing.

Grant revenue decreased \$ 35,683 from 2003. 2003 revenue was derived from a FEMA Grant while 2004 came from the Department of Homeland Security.

The following tables present comparative information.

Budget

The following table presents the difference between the original budget and final budget for fiscal year 2004.

	<u>Original</u>	<u>Final</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	7,386,640	7,229,478	(157,162)
State revenue sharing	425,000	425,000	0
Other	564,000	567,616	3,616
Total	<u>8,375,640</u>	<u>8,222,094</u>	<u>(153,546)</u>
Expenditures:			
Fire protection and prevention	8,216,967	8,269,906	(52,939)
Capital outlay	1,229,673	694,300	535,373
Total	<u>9,446,640</u>	<u>8,964,206</u>	<u>482,434</u>

The variance between original and final budgeted amount for ad valorem taxes relates to an increase, from 3% to 5%, per the tax assessor, in uncollected taxes.

The variance between original and final budgeted amounts for Capital Outlay relates to various Capital items being removed from the budget (i.e. Building fund (300K), computers (12K), Back Pay obligations (26K), etc.).

The following table presents the variance between the final budget and the actual results for the fiscal year.

St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

Management's Discussion and Analysis, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	7,229,478	7,316,319	86,841
State revenue sharing	425,000	586,434	161,434
Other	567,616	363,356	(204,240)
Total	<u>8,222,094</u>	<u>8,266,109</u>	<u>44,015</u>
Expenditures:			
Fire protection and prevention	8,269,906	7,771,915	497,991
Capital outlay	694,300	717,650	(23,351)
Total	<u>8,964,206</u>	<u>\$8,489,565</u>	<u>474,641</u>

The variance in State Revenue Sharing can be attributed to receiving and depositing a 2005 State Revenue Sharing check in 2004.

The variance in Fire Protection and Prevention expenditures relates to negotiating and receiving lower group health insurance premiums (approx. 335K). Salaries were also reduced due to greater oversight on overtime.

Future Considerations

Future Income:

The major funding of the Fire District is its share of ad valorem taxes collected by the St. Tammany Parish Tax Assessors office. In 2005, the parish has reassessed a major increase in ad valorem assessments will be realized in future years. The Fire District expects to realize its share of these funds beginning in 2005. The amount of such increase is undetermined at this time.

Future Expenditures:

The anticipated increase over 2004 is approximately 1.8 million.

In 2004, it came to light that the fire district had an unfunded pension liability in the amount of \$763,605. In early 2005, the Firefighters' Retirement System informed the Fire Dist. we were under funded in the amount of \$146,020. Terms of repayment are currently being negotiated.

**MELISSA M.
EUBANKS**

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Commissioners
St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana

I have audited the accompanying basic financial statements of the St. Tammany Parish Fire Protection District No. 1, a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of St. Tammany Parish Fire Protection District No. 1's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the St. Tammany Parish Fire Protection District No. 1, as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

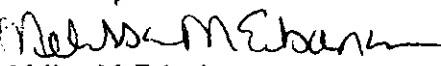
In accordance with *Government Auditing Standards*, I have also issued my report dated May 13, 2005, on my consideration of the St. Tammany Fire Protection District No. 1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Post Office Box 1674
Ponchatoula, Louisiana 70454

Phone 985-386-5031
Fax 985-386-0159
Mobile 504-481-1770

melissameubanks@yahoo.com


Melissa M. Eubanks
May 13, 2005

Statement A

St. Tammany Fire Protection District No. 1
Slidell, Louisiana
Statement of Net Assets and Governmental Funds Balance Sheet
As of December 31, 2004

	<u>Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$ 363		\$ 363
Investments	1,077,467		1,077,467
Taxes receivable	9,604,110		9,604,110
Other receivables	623,796		623,796
Prepayments	32,513		32,513
Land	-	\$ 415,142	415,142
Other capital assets, net of accumulated depreciation	-	3,450,368	3,450,368
Investment in Communication System	87,367	441,433	528,800
	<u>\$ 11,425,616</u>	<u>\$ 4,306,943</u>	<u>\$ 15,732,559</u>
LIABILITIES			
Bank overdraft	\$ 138,373		\$ 138,373
Accounts payable	11,647		11,647
Pension deduction payable	317,359		317,359
Deferred revenues	890,093	\$ (890,093)	-
Due to Other Government	55,179	(55,179)	-
Long-term liabilities:			
Due within one year		173,440	173,440
Due after one year		683,676	683,676
	<u>1,412,651</u>	<u>(88,156)</u>	<u>1,324,495</u>
FUND BALANCES/NET ASSETS			
Fund balances - Unreserved	<u>10,012,965</u>	<u>(10,012,965)</u>	<u>-</u>
	<u>10,012,965</u>	<u>(10,012,965)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 11,425,616</u></u>		
Net assets:			
Invested in capital assets, net of related debt		3,509,400	3,509,400
Unrestricted		10,898,664	10,898,664
Total net assets		<u><u>\$ 14,408,064</u></u>	<u><u>\$ 14,408,064</u></u>

The accompanying notes are an integral part of these financial statements.

Statement B

St. Tammany Fire Protection District No. 1
Slidell, Louisiana
Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	Statement of Governmental Fund Revenues, Expenditures Changes in Fund Balance	Adjustments	Statement Activities
<i>Expenditures/expenses:</i>			
Fire protection:			
Salaries and related expenses	\$ 6,531,601	\$ (154,000)	\$ 6,377,601
Repairs and Maintenance	250,050		250,050
Deduction from ad valorem taxes for pension	317,359		317,359
Fire fighting equipment, supplies and related	285,876	5,432	291,308
Legal and professional services	344,232		344,232
Insurance	290,338		290,338
Depreciation		330,381	330,381
Amortization	22,991		22,991
Office supplies	48,513		48,513
Telephone and utilities	102,380		102,380
Miscellaneous	21,733		21,733
Capital outlay	323,377	(323,377)	-
Debt service:			
Principal	104,892	(104,892)	-
Interest	23,895		23,895
Total expenditures/expenses	<u>8,667,237</u>	<u>(246,456)</u>	<u>8,420,781</u>
Grants	168,959		168,959
Charges for services	<u>110,489</u>		<u>110,489</u>
Total program revenues	<u>279,448</u>	NONE	<u>279,448</u>
Net program expense			<u>8,141,333</u>
General revenues:			
Property taxes	9,337,875	117,820	9,455,695
Fire Insurance Rebate	199,473		199,473
State Revenue Sharing	483,553		483,553
Investment earnings	42,071		42,071
Miscellaneous	<u>38,408</u>		<u>38,408</u>
Total general revenues	<u>10,101,380</u>	<u>117,820</u>	<u>10,219,200</u>
Excess of revenues and other source over expenditures	1,713,591	(1,713,591)	-
Change in net assets		2,077,867	2,077,867
Fund balance/net assets:			
Beginning of the year	8,299,374	4,030,823	12,330,197
End of the year	<u>\$ 10,012,965</u>	<u>\$ 4,395,099</u>	<u>\$ 14,408,064</u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

INTRODUCTION

The St. Tammany Parish Fire Protection District No. 1 was created by the St. Tammany Parish Council as provided by Louisiana Revised Statute 40:1492. The fire district is responsible for fire protection in the City of Slidell and the immediate surrounding area. The administration of the fire district is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the fire district. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the governing bodies making the original appointments. Board members serve two-year terms without compensation. The district operates seven fire stations within the district and provides fire protection services in an area covering approximately 120 square miles. In addition to fire protection service, the district also provides fire prevention service to the public.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the fire district is considered a component unit of the St. Tammany Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the nonfiduciary activities of the fire district. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In 2003, the district implemented the provisions of the Governmental Accounting Standards Board Statement, Nos. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments (Statement 34), 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus (Statement 37), and 38, Certain Financial Statement Note Disclosures (Statement 38), which establish the financial reporting standards for all state and local government entities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

Property taxes, state revenue sharing, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The fire district reports one governmental fund, the General Fund. It is the entity’s primary operating fund and accounts for all financial resources of the entity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity’s policy to use restricted resources first then unrestricted resources as they are needed.

St. Tammany Parish Fire Protection
District No. 1
 Slidell, Louisiana
 Notes to the Financial Statements, 2004

Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments are reported at fair value when the difference between cost and market is considered material.

Receivables and Payables

All trade and property tax receivables are shown net of a 3% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The district authorized and levied a 35 mill ad valorem tax for operations and maintenance for the year ended December 31, 2004.

The following are the principal taxpayers and related property tax revenue for the entity:

	Assessed Valuation	Percentage of Total Assessed Value
Central LA Electric Co.	\$ 12,160,760	3.36%
BellSouth Telecommunications	7,179,710	1.98%
McKesson Corporate	5,329,930	1.47%
Banc One management Corp	3,723,450	1.03%
Hibernia National Bank	3,265,090	0.90%
Sizeler North Shore Limited	2,777,650	0.77%
Atmos Energy Louisiana	2,353,787	0.65%
Northshore Regional Medical Cente	2,183,170	0.60%
Wal-mart Realty Co.	1,987,710	0.55%
Healthcare Prop Partnership	1,705,950	0.47%
	<u>\$ 42,667,207</u>	<u>11.79%</u>

**St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004**

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment are reported in the government wide statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Fixed assets are based on actual costs. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The fire district maintains a threshold of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives in Years</u>
Buildings and building improvements	40
Vehicles	10 – 20
Equipment	10 – 40

Compensated Absences

Employees of the fire district are entitled to 18 to 30 days of annual leave each year, depending on length of service. Sick leave is granted to each regular employee for a period of not more than 52 weeks. The cost of current leave privileges, computed in accordance with GASB Codification C60, is recognized as a current-year expense when leave is actually taken. Annual and sick leave cannot be carried over; therefore, there are no accumulated leave benefits required to be reported in accordance with GASB Codification Section C60.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Reconciliation of Government-Wide and Fund Financial Statements

The following reconciles the fund balances of governmental funds to the government wide statement of net assets.

Fund Balance	\$ 10,012,965
Adjustments:	
Capital assets, net of accumulated depreciation	3,865,510
Long-term debt	(857,116)
Deferred revenue	890,093
Investments in communication system	496,612
	<u>\$ 14,408,064</u>

The following reconciles the net changes in fund balance to the changes in net assets of governmental activities:

Excess of revenues over expenditures	\$ 1,713,591
Adjustments:	
Capital outlay reclassified to capital assets	323,374
Depreciation	(330,381)
Debt service payments applied to debt	104,892
Deferred revenue recognized	890,093
Prior year deferred revenue	(772,273)
Accrued salaries - prior year	154,000
Other	(5,429)
	<u>\$ 2,077,867</u>

St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The fire district published the proposed budget for the General Fund in the official journal on December 9, 11 and 14, 2003. A public hearing was held on December 22, 2003 and the board adopted the budget on December 30, 2003. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is not employed as a management control device during the year. However, the board reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board. There was one amendment for the year ended December 31, 2004.

NOTE 3 - CASH AND CASH EQUIVALENTS

Also see Note 1 for additional disclosures required by GASB Statement No. 3. At December 31, 2004, the fire district has cash and cash equivalents (book balances) totaling \$363 as follows:

Interest-bearing demand deposits	\$263
Other	100
Total	<u>\$363</u>

At December 31, 2004, the district's operating account balance reflected an overdraft of \$138,373.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the fire district has \$80,018 in deposits (bank balances). These deposits are secured from risk by \$80,018 of federal deposit insurance (GASB Category I).

NOTE 4 - INVESTMENTS

Also see Note 1 for additional disclosures required by GASB Statement No. 3. Investments are categorized in these three categories of credit risk:

1. Insured or registered, or securities held by the entity or its agent in the entity's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the entity's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the entity's name.

St. Tammany Parish Fire Protection
District No. 1
 Slidell, Louisiana
 Notes to the Financial Statements, 2004

Type of Investment	Category			Fair Value	Cost	Total Carrying Amount
	1	2	3			
See below		\$1,077,467		\$1,077,467	\$1,071,303	\$1,077,467

Investments at market value include FHLMC (\$799,740), FNMA (\$249,720) and other immaterial amounts.

NOTE 5 – RECEIVABLES

The receivables of \$10,227,906 at December 31, 2004 are as follows:

Class of Receivable	Amount
Taxes – ad valorem	\$9,604,110
Intergovernmental – grants – federal	168,959
Intergovernmental – grants - state	322,119
Accounts	94,000
Other	37,751
Total	<u>\$10,227,906</u>

NOTE 6 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2004, is as follows:

St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$415,142			\$415,142
Construction in progress				
Total capital assets, not being depreciated	<u>415,142</u>	<u>None</u>	<u>None</u>	<u>415,142</u>
Capital assets being depreciated:				
Buildings	2,139,648			2,139,648
Equipment and furniture	<u>4,188,076</u>	<u>\$317,945</u>		<u>4,506,021</u>
Total capital assets being depreciated	<u>6,327,724</u>	<u>317,945</u>	<u>None</u>	<u>6,645,669</u>
Less accumulated depreciation for:				
Buildings	(779,956)	(53,491)		(833,447)
Equipment and furniture	<u>(2,084,964)</u>	<u>(276,890)</u>		<u>(2,361,854)</u>
Total accumulated depreciation	<u>(2,864,920)</u>	<u>(330,381)</u>	<u>None</u>	<u>(3,195,301)</u>
Total capital assets, net	<u>\$3,877,946</u>	<u>(\$12,436)</u>	<u>None</u>	<u>\$3,865,510</u>

Depreciation expense of \$330,381 for the year ended December 31, 2004, was charged to fire protection. Capital assets – Equipment and furniture includes \$570,288 of vehicles under capital lease. Accumulated depreciation on leased assets for the year ended December 31, 2004 was \$55,444.

NOTE 7 – INVESTMENT IN COMMUNICATION SYSTEM

On August 13, 2003, the district signed a cooperative endeavor agreement with the City of Slidell whereby the district receives use of the City's communication system and radios. Under the agreement, beginning July 1, 2004, the district was obligated to make ten annual payments of \$55,179 for a total of \$551,791 for its share of the system and radios. Additionally, the district is required to make annual payments for maintenance beginning July 1, 2005. The first three payments are set at \$14,208. Beginning July 1, 2008, the payment will be based on the City's renegotiated maintenance contract. The financial statements include an asset and an obligation for the district's share in the system. The asset will be amortized over 10 years. Amortization for the year ended December 31, 2004 is \$22,791. The maintenance contract expense will be expensed annually.

NOTE 8 – ACCOUNTS AND OTHER PAYABLES

The payables of \$329,006 at December 31, 2004, are as follows:

**St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004**

Sheriff's Pension Payable	\$317,359
Accounts	<u>11,647</u>
Total	<u>\$329,006</u>

NOTE 9 – LEASES

The fire district records items under capital leases as an asset and an obligation in the accompanying financial statements. On November 4, 2002, the fire district entered into a capital lease agreement for the purchase of two fire trucks for a five-year term at an annual interest rate of 4.19%.

The following is a schedule of changes in long-term debt, capital leases:

Balance, December 31, 2003	\$465,396
Additions	-
Deductions	<u>(104,892)</u>
Balance, December 31, 2004	<u>\$360,504</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 2004:

	Equipment
Fiscal Year:	
2005	\$128,787
2006	128,787
2007	<u>128,787</u>
Total minimum lease payments	386,361
Less – amounts representing interest	<u>(25,857)</u>
Present value of net minimum lease payments	<u>\$360,504</u>

NOTE 10 – PENSION PLAN

Plan Description

All full-time employees of the fire district are members of the Louisiana Firefighters' Retirement System (system), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third

St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004

percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy

For the twelve months ended December 31, 2004, members of the System are required to contribute 8% of their annual covered salary and the district (employer) is required to contribute at an actuarially determined rate. For the year ended December 31, 2004, the employer contribution rate was 9%.

The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The amount of the fire district's employer contributions to the System for the years ended December 31, 2004, 2003 and 2002 were \$464,771, \$765,056 and \$467,089, respectively, equal to the required contributions.

It should be noted that there is active litigation, which will determine whether fire districts will be reimbursed for some of the required contributions.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

The district provides post employment health care coverage for all retirees. The district pays fifty percent of the retirees' premium. Spouses and dependents are not included. For the year ended December 31, 2004, the district paid \$20,603 on behalf of nine retirees.

NOTE 12– RISK MANAGEMENT

The district is exposed to all common perils associated with fire protection. To minimize loss occurrence and to transfer risk, the district carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

**St. Tammany Parish Fire Protection
District No. 1
Slidell, Louisiana
Notes to the Financial Statements, 2004**

NOTE 13 – CONTINGENT LIABILITIES

At December 31, 2004, the fire district is involved in two lawsuits. The district's legal advisors are *unable to estimate the ultimate resolution of such matters. Consequently, no liability has been recorded in the accompanying financial statements.* Both of the claims are potentially within the district's insurance coverage limits.

Required Supplemental Information

Schedule 1

St. Tammany Fire Protection District No. 1
 Slidell, Louisiana
 Budget Comparison Schedule
 For the Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue				
Ad Valorem Tax				
Ad Valorem Taxes	\$ 7,622,384	\$ 7,465,222	\$ 7,316,319	\$ (148,903)
Percentage Deduction	(235,744)	(235,744)	-	235,744
Total Ad Valorem Tax	<u>7,386,640</u>	<u>7,229,478</u>	<u>7,316,319</u>	<u>86,841</u>
Interest Income				
Checking Interest	60,000	60,000	6,984	(53,016)
LAMP Interest	-	-	57	57
Investment Interest	-	-	35,030	35,030
Total Interest Income	<u>60,000</u>	<u>60,000</u>	<u>42,071</u>	<u>(17,929)</u>
Dispatch Cost Reimbursement	94,000	94,000	109,523	15,523
State Revenue Sharing	425,000	425,000	586,434	161,434
FRS Reimbursement	250,000	250,000	-	(250,000)
Fire Insurance Taxes	160,000	160,000	199,473	39,473
Miscellaneous Revenue	-	-	7,540	7,540
Fire Prevention Income	-	3,616	4,749	1,133
Total Revenue	<u>8,375,640</u>	<u>8,222,094</u>	<u>8,266,109</u>	<u>44,015</u>
Expenditures				
Bank Charges	-	-	835	(835)
Contingency Fund-FRS	250,000	-	-	-
Dues, Subscrip. & Memberships	3,800	3,800	5,097	(1,297)
Tuition/Certifications	66,350	70,000	36,482	33,518
Employee Recognition & Events	8,000	8,000	1,461	6,539
Expendables				
Haz Mat Expendables	5,500	5,500	6,483	(983)
Rescue Expendables	13,500	13,805	10,707	3,098
Total Expendables	<u>19,000</u>	<u>19,305</u>	<u>17,190</u>	<u>2,115</u>
Fire Prevention	11,000	11,000	7,712	3,288
Gas & Diesel	40,000	40,000	43,095	(3,095)
Commercial Package	-	300,000	92,910	207,090
Commercial Umbrella	-	-	46,812	(46,812)
General Liability	100,000	-	-	-
Business Auto	-	-	69,962	(69,962)
Supplemental Accident	-	-	2,430	(2,430)
Group Health	1,000,000	1,000,000	657,402	342,598
Workers' Compensation	300,000	300,000	317,616	(17,616)
Dental Insurance	-	-	70,834	(70,834)
Other Insurance	-	-	7,390	(7,390)
Total Insurance	<u>1,400,000</u>	<u>1,600,000</u>	<u>1,265,356</u>	<u>334,644</u>

Schedule 1

St. Tammany Fire Protection District No. 1
 Slidell, Louisiana
 Budget Comparison Schedule
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Maintenance & Repairs				
Building Maintenance	36,000	36,000	41,595	(5,595)
Computer Maintenance/Services		32,000	41,471	(9,471)
Equipment/Vehicle Maintenance	133,000	197,000	188,085	8,915
Total Maintenance & Repairs	169,000	265,000	271,151	(6,151)
Office Supplies	45,600	45,600	51,301	(5,701)
Payroll Taxes	59,200	61,000	59,183	1,817
Pension Expense	489,816	456,750	460,774	(4,024)
Professional Services				
Annual Audit	-	-	4,125	(4,125)
Financial Services		40,000	41,898	(1,898)
Human Resources	150,000	152,250	147,260	4,990
Legal Services		30,000	23,547	6,453
Medical Services	-	-	74,086	(74,086)
Investment Banking	-	-	2,805	(2,805)
Professional Services - Other	138,200	116,200	62,131	54,069
Total Professional Services	288,200	338,450	355,852	(17,402)
Safety Equipment (Uniforms)	166,000	150,000	177,233	(27,233)
Total Salaries & Wages	5,050,001	5,075,001	4,889,892	185,109
Station Supplies	10,000	10,000	18,628	(8,628)
Telephone	42,000	42,000	43,392	(1,392)
Utilities	57,000	62,000	62,213	(213)
Volunteers	12,000	12,000	5,066	6,934
Total Expenditures	8,216,967	8,269,906	7,771,914	497,992

Schedule 1

St. Tammany Fire Protection District No. 1
 Slidell, Louisiana
 Budget Comparison Schedule
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Capital/Dedicated				
Firefighting Equip., New Pump	84,800	76,000	66,295	9,705
Rescue Equipment	1,000	8,000	42,206	(34,206)
Haz Mat Equipment	5,156	5,000	805	4,195
Station Equipment/Furniture	9,300	9,300	5,322	3,978
Computers & Software	52,417	40,000	20,678	19,322
Communications	6,000	6,000	676	5,324
Computer Equipment	20,000	-	-	-
Building Fund	300,000	-	-	-
Firefighting Tools - New Pump	50,000	-	-	-
FEMA Grant		-	168,959	(168,959)
Lease Payment - New Pumpers	225,000	130,000	128,787	1,213
Back Pay Salaries (Ret. & EE's)	250,000	200,000	154,144	45,856
Back Pay Benefits		18,000	3,561	14,439
Back Pay Human Resources		6,000	4,548	1,452
Durango - Fire Prevention	21,000	21,000	-	21,000
Exercise Equipment Rooms	25,000	25,000	6,402	18,598
Station Generator	30,000	-	-	-
Vehicles-(2)-District Chiefs	55,000	55,000	21,093	33,907
Cascade Air Compressor	40,000	40,000	38,995	1,005
Lease Payment Radio Equipment	55,000	55,000	55,179	(179)
Total Capital/Dedicated	<u>1,229,673</u>	<u>694,300</u>	<u>717,650</u>	<u>(23,350)</u>
Revenue Over (Under) Expenditures	<u>(1,071,000)</u>	<u>(742,112)</u>	<u>(223,455)</u>	<u>518,657</u>

Reconciliation to GAAP Basis:

Current Year Deferred Revenue	(890,093)
Prior Year Deferred Revenue	772,273
Amortization of Investment in Comm. System	(22,991)
Current Year Receivables	9,671,155
Prior Year Receivables	(7,700,478)
Current Year Payables	(226,867)
Prior Year Payables	235,744
Payments on Communications System	55,179
Other	<u>43,123</u>

Net Income - GAAP Basis - Fund Statement

\$ 1,713,591

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana**

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2004

The fire district published the proposed budget for the General Fund in the official journal on December 9, 11 and 14, 2003. A public hearing was held on December 22, 2003 and the board adopted the budget on December 30, 2003. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is not employed as a management control device during the year. However, the board reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board. There was one amendment for the year ended December 31, 2004.

Other Supplemental Schedules

Schedule 2

St. Tammany Fire Protection District No. 1
Slidell, Louisiana

Schedule of Compensation Paid Board Members

For the Year Ended December 31, 2004

Board members serve without compensation.

Other Reports

**MELISSA M.
EUBANKS**

CERTIFIED PUBLIC ACCOUNTANT

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Basic Financial Statements
Performed in Accordance with *Government Auditing Standards***

I have audited the accompanying basic financial statements of the St. Tammany Parish Fire Protection District No. 1, a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2004, as listed in the table of contents. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Post Office Box 1674
Ponchatoula, Louisiana 70454

Phone 985-386-5031
Fax 985-386-0159
Mobile 504-481-1770

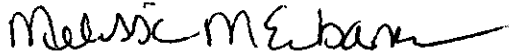
melissameubanks@yahoo.com

Independent Auditor's Report on Internal Control

...Government Auditing Standards

Page Two

This report is intended solely for the information and use the board of commissioners and management, others within the organization and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Melissa M. Eubanks

May 13, 2005

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana**

**CURRENT YEAR FINDINGS, RECOMMENDATIONS
AND CORRECTIVE ACTION PLAN**

For the Year Ended December 31, 2004

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions required to be reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No management letter was issued.

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana**

STATUS OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2004

There were no findings in the prior report.